

**RULES
OF
TENNESSEE DEPARTMENT OF HUMAN SERVICES
TENNESSEE BUSINESS ENTERPRISES**

**CHAPTER 1240-6-8
VENDING MACHINE INCOME FROM NON-FEDERAL PROPERTY**

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1240-6-8-.01 FACILITY EQUIPMENT.

- (1) The Agency shall provide sufficient equipment for the use of the licensed manager. This equipment shall remain the property of the Agency. Ownership of vending facility equipment other than that provided by the Agency shall not be vested in the Agency.
- (2) No alteration, change, addition, or removal of Agency equipment shall be made without prior approval of the Agency.
- (3) The manager shall report immediately any incident, theft, or defacement of equipment.
- (4) A manager, with prior approval from the TBE Consultant/Specialist, may lease equipment for use in the operation of the vending facility. In no event shall the Agency be held liable for the manager's obligation under the terms of any lease or for any repairs associated with the leased equipment. The manager's obligations to any lessor shall remain in effect without regard to removal or reassignment of any manager for any reason. For purposes of determining the amount of the manager's set-aside assessment, the proceeds derived from sales of merchandise from leased equipment shall be regarded as income to the vending facility, provided that all expenses for leasing of equipment shall be deductible as a business expense from the gross income of the facility.
- (5) Managers who want to place vending machines on full service or subcontract any part of their operations may do so only after getting prior approval from the Agency. The determining factors on whether or not such a request will be approved by the Agency will be profitability, quality of service, availability of adequate storage, and the desires of property management.

Authority: T.C.A §§ 4-5-201 et seq., 49-11-601 et seq., 71-1-104; 71-1-105(12), 71-4-405(b), and 71-4-604(c); 34 C.F.R. § 395 et seq. and C.F.R. § 395.3(a)(5). **Administrative History:** Original rule filed December 11, 1986; effective January 25, 1987. Repeal and new rule filed April 8, 2005; effective June 22, 2005.

1240-6-8-.02 MAINTENANCE AND REPAIR.

- (1) The Agency shall maintain in good repair, or cause to be maintained in good repair, all Agency vending facility equipment and shall replace, or cause to be replaced, worn out or obsolete Agency equipment as required to assure the continued successful operation of the facility. Where used equipment is furnished to replace non-functioning, worn out or obsolete equipment, the Agency shall insure that such Agency equipment is in good working order and shall make any necessary repairs prior to installing such equipment at the vending facility.
- (2) Repair and maintenance will be performed using set-aside monies and federal dollars if available. If budgetary constraints require it, the Agency, with the active participation of the Committee, shall develop procedures to be incorporated into the Operations Manual that allow for a co-payment by the manager on each repair call. When such services are required, the Agency will repair the Agency

(Rule 1240-6-8-.02, continued)

income-producing equipment, or cause it to be repaired, within forty-eight (48) hours of notification by the manager, provided that parts can be obtained and the equipment is out of warranty. In the event that the Agency fails to fulfill its obligation under this subsection, the manager shall have the right to withhold the payment of set-aside assessments which are, or become, due until the Agency equipment is repaired or replaced.

Authority: T.C.A §§ 4-5-201 et seq., 49-11-601 et seq., 71-1-104; 71-1-105(12), 71-4-405(b), and 71-4-604(c); 34 C.F.R. § 395 et seq. and 34 C.F.R. § 395.3(a)(5). **Administrative History:** Original rule filed December 11, 1986; effective January 25, 1987. Repeal and new rule filed April 8, 2005; effective June 22, 2005.

1240-6-8-.03 REPEALED.

Authority: T.C.A §§ 4-5-201 et seq., 49-11-601 et seq., 71-1-104; and 71-4-604(c); 34 C.F.R. § 395 et seq. **Administrative History:** Original rule filed December 11, 1986; effective January 25, 1987. Repeal filed April 8, 2005; effective June 22, 2005.